

**4/11/78 [1]**

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UNCLAS  
CLASSIFICATION

FROM: BILL SIMON  
TO: PHIL WISE FOR  
THE PRESIDENT

INFO:

(CAMP DAVID) RELEASED BY: GD

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DEX \_\_\_\_\_  
DAO 08 GPS \_\_\_\_\_  
LDX \_\_\_\_\_ PAGES 35  
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SPECIAL INSTRUCTIONS:

THE WHITE HOUSE

WASHINGTON

April 7, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS *JF*

SUBJECT: Inflation Speech

Here is a first draft of the speech, which I have prepared with Charlie Schultze, Barry Bosworth, Stu Eizenstat, and Secretary Blumenthal. Both the Vice President and Jody have drafts, though I have not heard directly from them. All the parties basically agree on the content and emphasis of this draft, with these exceptions:

1) On page 5, Charlie wants to have the statement on administrative actions included; Stu, as you know, opposes it. Your alternatives include:

- \* using what's there;

- \* saying nothing at all;

- \* using the Treasury's suggested language, which I have attached as Insert A.

- \* using the statement you authorized the Vice President to use last week, attached as Insert B.

Most of us feel that if you don't use one of these statements, you have to toughen up your rhetoric about the energy bill considerably. Otherwise, the speech would mention the dangers of oil imports and the declining dollar without suggesting any new action to cope with them.

2) On page 5, Blumenthal and Solomon have suggested a paragraph about supporting the dollar, attached as Insert C. Stu and Charlie oppose it strongly.

3) On page 12, there are two alternate proposals for the discussion of the budget. Insert D comes from Charlie; Insert E from the Treasury.

4) On page 17, Stu opposes a mention of trucking deregulation,

because he feels it will hurt the chances for airline deregulation.

5) Charlie, Stu, and I all feel that including energy and the dollar as semi-equal components with inflation makes this a longer and cluttered statement than it needs to be; and, since we don't have much firm to say about them, it weakens the over-all impact of the speech.

I have come here to discuss one of the most urgent questions our nation faces today. That question is whether we can protect our economic expansion, and the jobs and prosperity it has brought to our people, from the threat of inflation.

I believe that we can. And I will take the steps necessary to see that we do.

I have said from the beginning that our economic policies cannot afford to ignore either unemployment or inflation. We must deal with both at once, if we truly hope to correct either one.

In these last fifteen months, we have made good progress in our efforts to sustain growth and create jobs. Four and a half million more people are at work today than fifteen months ago. The unemployment rate

has fallen by nearly a quarter, from almost 8 per cent to a little more than 6 per cent. Average household income, after adjustment for both taxes and inflation, is 5 per cent higher now than a year ago. Business profits in the second half of 1977 were 15 per cent higher than one year before.

Unemployment is still too high, particularly among our young people and minority groups. I remain deeply committed to its reduction. We are determined to sustain our progress toward high employment and rising real wages -- with, as I proposed two weeks ago, new, carefully targeted incentives to encourage private business to hire the hard-core unemployed, and with a continued high level of public service jobs.

But our recovery will only -- I repeat only -- continue

if we can cope now with two developments that now threaten its progress -- the steady rise in oil imports, and the threat of inflation.

Both problems imperil our economic recovery; both threaten the strength of the dollar. Both must be controlled.

Let me speak first about energy imports and their impact on the dollar.

Over the past fourteen months, the value of the dollar has fallen substantially in international markets. This sharp decline reflects some unpleasant facts about the state of our economy.

Most importantly, it reflects the fact that we are importing far too much foreign oil. Indeed, one of

the greatest threats to the economic well-being of our nation is the constant drain of money we are paying for imported oil. The deterioration in our balance of trade and the value of the dollar is no mystery when we remember that ten years ago we were paying roughly \$2 billion for imported oil, while this year we will spend more than \$45 billion.

Our energy problems are no longer theoretical or potential. They are an active threat to the economic well-being of our people.

Of all the major countries in the world, we are the only one without a national energy policy. Because we have not acted, other nations have begun to doubt our will. Holders of dollars throughout the world have interpreted our failure to act as a sign of economic



weakness and political paralysis. And these views have been directly translated into a falling value of our currency.

The falling dollar only makes inflation worse. It raises the prices of goods we import, and this makes it easier for domestic producers to raise their own prices as well.

That is why we must have an energy bill. Our security depends on it, and our economy demands it. The Congress must act now. /If it does not, I will have no choice but to take administrative actions, on an interim basis, to limit oil imports. The energy program I have proposed would do a better, fairer, more effective job of limiting imports than the administrative actions that are available; but one way or another, that job must be done.7

See  
attached  
note  
#1

See  
attached  
Note 2

Although oil imports, and the huge trade deficits they cause, are the main cause of the declining value of the dollar, there is another cause as well. We have not done as good a job as we must in promoting our exports.

Today our standard of living and our ability to grow depend on the raw materials and goods we import from abroad. As we import more, we must export more, to pay for the goods and services we receive from other countries.

I believe we must do away with unnecessary impediments to exports and replace them with incentives. We must include exporting among our important national goals.

I am today establishing a Cabinet-level task force, chaired by the Secretary of Commerce, to develop

measures designed to promote exports. The task force will report back to me within 60 days. I am determined to work with business, labor, and the Congress to create a better exporting environment, one which will strengthen our domestic economy and our economic position in the world.

Reducing our oil imports and expanding our exports will prepare us to fight inflation; but making that fight a success will require firm government policies and full private cooperation.

The damage that rampant inflation can do is all too recent in our memories. It makes family savings melt away. It destroys plans and hopes. And it damages the social order by undermining people's sense that they can control their own lives and their own futures.

It imposes its worst hardships on those -- such as the poor and the elderly -- who cannot defend themselves against it. We know that inflation does not cure unemployment, but is too often the prelude to another round of recession and lay-offs, with the incalculable damage they do to American families.

Only if we face these problems with the seriousness they deserve will we be able to take the measures that are required for success. My purpose in coming here today is to explain what those measures are, and why we must take them. Our efforts must be based on three hard realities.

The first is that the causes of our economic problems are connected -- and the solutions must be too. Inefficiency, bottlenecks, and wasteful use of

resources can aggravate both unemployment and inflation at the same time. The danger of continued inflation is not simply that it will rob American families of the economic gains that they have made, but also that it can bring another round of unemployment in its wake. But sensible efforts to correct one problem can improve the other as well. That is why our employment efforts focus on structural changes in the economy which can actually reduce inflationary pressures while creating new jobs.

The second reality is that dealing with inflation will be a long effort, which will require dedication and persistence from us all. The current inflation has become embedded in the very tissue of our economy. It has resisted the most severe recession in a generation.

It persists because all of us -- business, labor, farmers, consumers, and the government itself -- are caught on a treadmill that none can stop alone. Each group tries to raise its income to keep up with rising costs; eventually we all fall behind.

There is no quick way to stop that treadmill, no simple solution; it can only be done through determined efforts, month after month, year after year.

The third reality is that we will only succeed in reducing inflation if we recognize a common interest above all special interests, and if we are determined that the common interest will have a clear public voice.

I am absolutely committed to speak out for the public interest in reducing inflation. In this free

economy, there is one step that I will not take -- that of imposing controls on wages and prices. Controls offer temporary relief, while creating lasting problems. I will not use them. I will use the full resources of this office to encourage those who cooperate in our shared national task, and to point out publicly those who do not.

Two months ago, in my Economic Report to Congress, I announced a general framework for a voluntary program to reduce the rate of wage and price increases over the next several years. Since that time I have been working on ways to implement that program. Today, I would like to discuss briefly some major steps in that effort.

Our first and most direct efforts are within government itself. Where government contributes

to inflation, that contribution should be lessened; where its costs are too high, those costs should be reduced; where it imposes an inflationary burden on business, labor, and consumers, those burdens should be lightened; and where it can set an example of restraint and efficiency, it must do so.

See  
attached  
Note  
#3

In January I proposed a budget for the next fiscal year that is tight, but that meets the nation's needs.

The prospective deficit in that budget is as large as we can afford without compromising our hopes for balanced economic growth and declining inflation.

Many possible additions to the budget might serve worthy ends. But there must be a voice for fiscal restraint, and a willingness to make hard choices about how to use our limited resources. Otherwise



our larger shared goal of general economic health will be lost. I will work closely with the Congress to make these choices. If necessary, I will exercise, the full powers of my office, including the veto authority, to assure that the tax reductions, spending, and planned deficit in this year's budget are in line with my proposals.

The Federal government must also act directly to moderate inflation. We can take the lead in breaking the wage and price spiral by holding federal pay increases down. During the past two years, Federal white collar salaries have risen an average of six per cent annually. I intend to propose limiting them to about 5.5 per cent this year, thereby setting an example for labor and industry to moderate price and wage increases. All Executive appointees and members

of my staff will also do without a pay increase this year. We must begin somewhere, and I believe the federal government should take the first step.

I also ask state and local governments, which employ every seventh worker in our nation, to do their part. I have today sent letters to every governor and to the mayors of our larger cities asking that they follow the federal example and hold down their pay increases. And if those governments plan to reduce taxes, I ask that they first consider lowering sales taxes, which add directly to the consumer's burden.

The federal government will take several other steps to reduce inflation.

-- I am directing all Executive Branch agencies

to avoid or delay the purchase of goods or services whose prices are rising rapidly, unless by so doing we would seriously jeopardize our national security or create serious unemployment. We may have to delay certain purchases for a while, or perhaps even do without them altogether. I am also asking that all new or renegotiated Federal contracts which contain price escalation clauses should reflect the principle of deceleration.

-- We must find ways of cutting the inflationary costs which private industry bears as a result of government regulations. We must achieve the benefits of regulation at the lowest possible cost, and not pursue them singlemindedly for their own sake, regardless of waste, expense, or affronts to common sense.

Last month I issued an Executive Order on Federal regulations designed to address this problem. It directs regulatory agencies to consider the economic consequences of their actions. To emphasize the importance of attaining this objective, I have established a committee to review the economic impact of major regulations and have asked its Chairman to report to me personally on the outcome of each review.

We must review these regulatory programs every few years, to eliminate or change those that have become outdated. I support "sunset" legislation to ensure that such reviews take place.

-- The combined actions of my Administration and the Civil Aeronautics Board have led to substantial cuts in some airline passenger fares. There will be more if the Congress passes the airline regulatory

reform bill, which I strongly support. We are also

See  
attached  
Note 4

re-examining Federal regulation of the trucking  
industry, with an eye towards significantly reducing  
freight transportation costs and retail prices.

In addition, I am asking the independent agencies  
that regulate some of the most important parts of our  
economy to take the need to reduce inflation into  
account when they review rate increases. And I have  
asked them to explore regulatory changes that can  
make the industries they regulate more efficient.

--Last fall, my Administration worked with the  
Congress to develop major new legislation to improve  
economic conditions on our farms. More recently we  
took additional steps to raise farmers' incomes this  
year.

Farmers themselves are victims of an inflation which raises production costs. We cannot ignore the particularly severe problems faced by wheat farmers. But the Nation cannot tolerate a recurrence of double-digit inflation of food prices. Consequently, I will veto any legislation, beyond what I have already recommended, that would lead to higher food prices or budget outlays.

-- Housing costs have risen rapidly, partly because of sharp increases in the price of raw materials such as lumber. Since lumber accounts for one fourth of the total cost of a new house, we can obtain some relief by increasing production and using our existing lumber output more efficiently. Therefore, I have instructed the Departments of Agriculture and Interior, together with my economic advisors, to report to me

within 60 days on ways to expand, on a sustained yield basis, timber harvests from Federal lands. I have asked them as well to find ways of expanding production on state and private lands.

-- The price of a day in the hospital has risen from \$15 in 1950 to over \$200 today. Physicians' fees have risen 75 per cent faster than other consumer prices. The hospital cost containment bill that I have proposed to the Congress is the most effective step we can take toward reasonable hospital prices. It is absolutely vital that Congress act now on this bill.

The government actions I have discussed today can be an important step toward controlling inflation. But success or failure in this effort will be determined by the actions of the private sector of the economy.

I expect industries and labor to keep their price, wage, and salary increases significantly below the average rate for the last two years. This will not be easy. But the example of Federal employees must be matched. Inflation cannot be solved by placing the burden of fighting it only on a few. I am appealing not merely to leaders of industrial firms, business, and labor organizations, but to all segments of our society. Those who set medical, legal, and other professional fees, college tuition rates, insurance premiums, and other service charges must also join in. In other words, I am asking everyone in our nation -- I am asking you -- to



make a small sacrifice for the welfare of our nation.

The Council on Wage and Price Stability recently began a series of meetings with representatives of business and of labor in major industries. Over the next several months, these meetings will be covering such major industries as steel, autos, aluminum, paper railroads, food processing, communications, lumber, the postal service, and others. In consultation with the private parties the Council will identify the rate at which prices, wages, and other costs have been rising in recent years, the outlook for the year ahead, and the steps that can be taken to decelerate inflation. We will ask these industries to decelerate -- and if they say they cannot, what steps we must take to see that they can.

I have also asked the Council to monitor developments in special private markets and to inform

me when our anti-inflation goals are not being met.

In cases where industries or unions are clearly choosing not to join the effort to decelerate, I will speak out, and I have directed my senior advisors to do the same.

Let me be blunt about this point. Our national interest simply cannot withstand unreasonable increases in prices and wages. It is my responsibility to defend our national interest, and I will speak out firmly and clearly when the welfare of our people is at stake.

Members of my Administration have already discussed this deceleration program with a number of leaders of business and industry. They have promised their cooperation. Next week, I will meet with them personally to discuss contributions that they can make to help slow the rate of inflation. Among other

things, I will ask them to assure that their executives, along with the men and women on the assembly lines, have their pay subject to the deceleration standards. We have also discussed our program with leaders of organized labor, whose participation is crucial. Later I expect to meet with them personally to discuss the outlook for wage increases.

I will lead this fight personally, because I am determined to devote the power of my office toward the objective of reduced inflation. Our approach must be flexible enough to account for the variations in our complex economy -- but it must be comprehensive enough to cover most of the activities of our economy. We must anticipate developments, and not simply react.

In the long run, we should develop special programs to deal with sectors of the economy where

government actions have the greatest potential for reducing inflation. These include housing, medical care, food, transportation, energy, and the primary metals industries. I will instruct the members of my Cabinet to work with the Council on Wage and Price Stability to develop proposals for reducing inflation in their areas.

Bringing inflation under control will not be easy. And it will not come overnight. It will come only if we find within ourselves qualities that are a basic part of our nation character, but which we have neglected for some time.

It calls for a recognition of waste -- and a determination to reduce it, in our use of resources, especially energy; in our demands for public services; and in our private standards of production.

It demands a willingness to exercise restraint.

Above all, it requires an understanding that our common welfare will prevail only if we are willing, for a moment, to temper the demands of our individual interests. Time and again in our history, the test of our success has been whether, as free men and women, we have freely chosen the public interest over many private concerns.

This is such a time. No act of Congress -- no program of our government -- no order of mine can alone bring forth the qualities I speak of. They depend on our own determination to help ourselves -- a determination I believe the people of our country share with me.

# # #



I have impressed upon the Congressional leadership the need for swift action on the Energy Bill.

In the meantime, I have directed my advisors to prepare the ground for administrative action to limit oil imports. I will not hesitate to take such action if necessary. Such action would be a second-best and stop-gap measure. But one way or the other, the job must be done, and quickly.]

I intend to consult with Congressional leaders to expedite progress of energy legislation and also to consider with them other major measures on an urgent basis to reduce oil imports.





By taking vigorous action on the energy, inflation and export fronts, we will improve the fundamentals of our external situation and move our balance of payments towards equilibrium. In the meantime, we will continue to protect the integrity of the dollar through intervention as necessary to counter disorderly markets for foreign exchange.

3

In January I proposed a budget for the next fiscal year that is tight, but that meets the nation's needs. The prospective deficit in that budget is some \$60 billion. We must not allow pressures for a larger deficit to compromise our hopes of maintaining balanced economic growth in a climate of declining, inflation. I will work closely with the Congress, and, if necessary, I will exercise the full authority of this office to assure that the expenditures in my budget are not exceeded, that tax reductions are held to the amounts proposed so that the budget deficit will be held at or below the limits set forth.

In January, I proposed a budget for the next fiscal year that is tight, but that meets the nation's needs. The prospective deficit in that budget is on the order of \$60 billion. As always, pressures are developing on all sides to enlarge that deficit. For example: farm bill, tuition tax credit, others. It is essential to our future prosperity that these pressures be resisted.

Indeed, as opportunities arise, we must work to reduce that deficit, and to ensure that beyond 1979 the budget deficits declines steadily and moves us toward budget balance. We must not allow pressures for larger tax cuts and more spending to ruin the economic recovery. I will work closely with the Congress and, if necessary, will exercise my veto authority to assure that that budget line is held.

---

THE WHITE HOUSE

WASHINGTON

April 11, 1978

Frank Moore

The attached was returned in the President's  
outbox today and is forwarded to you for  
appropriate handling. Please have the  
letters delivered.

Rick Hutcheson

cc: Stu Eizenstat  
Charlie Schultze  
Secretary Schlesinger

NATIONAL ENERGY PLAN

THE WHITE HOUSE  
WASHINGTON

4/11/78

Mr. President:

Congressional Liaison, DOE,  
CEA and Jim Fallows have  
cleared the attached letters.

ONE SIGNATURE REQUESTED.

(Susan can sign identical  
letters to the 7 other  
congressmen.)

Rick

*Clear text is  
Jim & Charles -  
Then submit  
J*

To \_\_\_\_\_

I appreciate your understanding of the critical need to pass timely and effective legislation concerning our national energy program. Thank you for letting me know of your request that the Administration accept the three portions of the plan which have been agreed to in the event the Conference Committee does not reach agreement by April 10 on natural gas pricing.

Sincerely,

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HENRY M. JACKSON, WASH., CHAIRMAN

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LOWELL P. WEICKER, JR., CONN.  
PETE V. DOMENICI, N. MEX.  
PAUL LAXALT, NEV.

## United States Senate

COMMITTEE ON  
ENERGY AND NATURAL RESOURCES

WASHINGTON, D.C. 20510

March 24, 1978

GRENVILLE GARSIDE, STAFF DIRECTOR AND COUNSEL  
DANIEL A. DREYFUS, DEPUTY STAFF DIRECTOR FOR LEGISLATION  
D. MICHAEL HARVEY, CHIEF COUNSEL  
W. O. CRAFT, JR., MINORITY COUNSEL

The President  
The White House  
Washington, D. C.

Dear Mr. President:

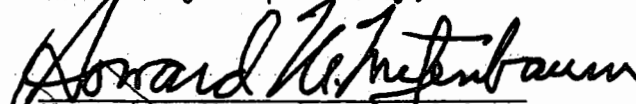
You have very clearly enunciated the need for Congress to pass a national energy plan. It has been claimed that our failure to have such a program has been interpreted throughout the world in such a manner as to adversely affect the value of the dollar and has caused other nations to ask us "Why?" Approximately four months ago, Senator Jackson proposed that the three portions of the national energy plan that had been agreed upon be approved by both houses of the Congress and sent to your office for signature. Had that occurred, it is possible that the other conferees dealing with the financial aspects of the national energy act would have acted on such taxes and credits as have heretofore been discussed, absent the COET tax.

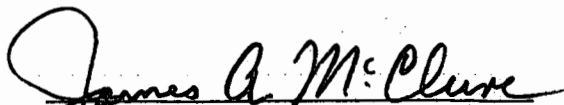
If this had occurred, it is estimated that more than 90% of the total energy savings originally possible under the national energy plan would have been achieved. But the continued struggle and effort to achieve legislation dealing with regulation of natural gas prices has caused the negotiations to drag on interminably.

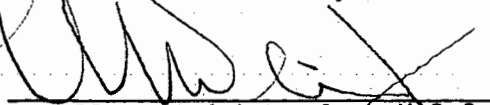
Now the Senate has made a proposal, and the House has come forth with a counterproposal. There are differing points of view as to whether or not the parties are close together or far removed. We strongly believe that if an agreement is not reached on natural gas pricing within one week from the date we return, the Administration should indicate to the leaders of Congress its willingness to accept the three parts presently agreed to.

We believe that such action would serve to dispel the notion that the U. S. does not take its energy problems seriously enough to enact a comprehensive energy policy. Clearly, more can be achieved, but passage of what has been agreed upon will be an important step.


Yours very respectfully,

  
Howard M. Metzenbaum, U.S.S.

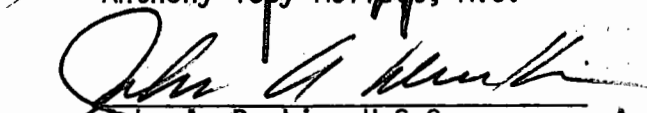
  
James A. McClure, U.S.S.

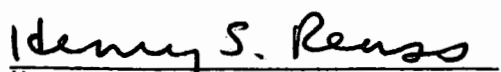
  
Lowell P. Weicker, Jr., U.S.S.

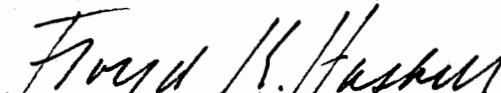
cc: Hon. James Schlesinger  
Hon. Michael Blumenthal

  
James Abourezk, U.S.S.

  
Anthony Toby Moffett, M.C.

  
John A. Durkin, U.S.S.

  
Henry S. Reuss, M.C.

  
Floyd K. Haskell, U.S.S.

THE WHITE HOUSE  
WASHINGTON

April 11, 1978

To Senator Howard Metzenbaum

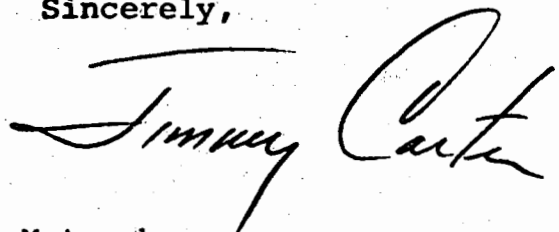
Thank you for your suggestion that the Administration accept the three portions of the National Energy Plan already agreed to by the Conference committee if agreement is not soon reached on natural gas pricing. Because of the importance of these components and the need for providing certainty to the private sector, I can understand the reasoning behind your proposals.

Nevertheless, there are even stronger arguments to enact the National Energy Plan as a package, of which the natural gas and tax provisions are two of the most critical elements. While the other parts are important, the oil and gas pricing and tax provisions of the NEP are essential to laying a sound economic foundation for the necessary transition to alternative fuels. Moreover, failure to enact them as integral parts of the energy package would breed even greater uncertainty and a sense that the United States does not have the political will and maturity to deal comprehensively with the energy problem. In addition, the momentum we have attained in recent weeks would be lost.

I remain confident that the Congress will agree on meaningful and effective energy tax and pricing legislation. To stop at this point would, in my judgment, deny our nation the comprehensive energy policy we so urgently need.

I hope you will assist me in the period ahead to reach our energy objectives.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jimmy Carter". The signature is fluid and cursive, with a large, sweeping "C" at the end.

The Honorable Howard H. Metzenbaum  
United States Senate  
Washington, D.C. 20510

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

April 7, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze <sup>CLS</sup>  
SUBJECT: Draft Congressional Response  
re: National Energy Program

Attached is a proposed response from you to several Senators who recently wrote to you to suggest that you abandon those portions of the National Energy program that have not been settled upon by the Congressional conference committee. This letter has been discussed and approved by DOE, Stu Eizenstat's staff, and Frank Moore's staff.

Attachments

ID 781684

THE WHITE HOUSE

WASHINGTON

DATE: 27 MAR 78  
FOR ACTION: FRANK MOORE  
JIM FALLOWS

CHARLES SCHULTZE

INFO ONLY: VSTU EIZENSTAT

SUBJECT: PROPOSED TEXT OF LETTER TO THREE SENATORS METZENBAUM,  
MCCLURE, WEICKER RE: NATIONAL ENERGY PROGRAM

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1200 PM WEDNESDAY 29 MAR 78 +  
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*18 w/ under*  
*Don't take*  
*would have*  
*to take rewrite*  
*attached rewrite*  
*New energy letter*  
*DOE*  
*HOLD*  
*for review*  
*WED*  
*Mon*

THE WHITE HOUSE  
WASHINGTON

Mr. President --

This came in this morning...  
since it's the Easter break  
for them and for some of our  
people, I've attached a  
draft, which, if you approve,  
I'll forward to Frank with  
the letter for his info and  
action.

-- Susan

THE WHITE HOUSE  
WASHINGTON

rick--

would appreciate your routing  
this through schultze and fallows  
to insure preciseness of wording...  
~~xxxxx~~

thanks -- susan

THE WHITE HOUSE  
WASHINGTON

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
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<input checked="" type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input checked="" type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN



ID 781684

T H E   W H I T E   H O U S E

WASHINGTON

DATE:            27 MAR 78

FOR ACTION: FRANK MOORE

CHARLES SCHULTZE

JIM FALLOWS

INFO ONLY:    STU EIZENSTAT

SUBJECT:       PROPOSED TEXT OF LETTER TO THREE SENATORS METZENBAUM,  
                 MCCLURE, WEICKER RE: NATIONAL ENERGY PROGRAM

+++++  
+    RESPONSE DUE TO RICK HUTCHESON    STAFF SECRETARY (456-7052)    +  
+            BY:    1200 PM WEDNESDAY 29 MAR 78                            +  
+++++

ACTION REQUESTED:    YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR.    ( ) NO COMMENT.    ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*I fear that "Jim"  
meant Schlesinger. But here  
are my comments  
anyway*

*Jim F - 3/27/78*

Clear text is  
Jim & Charles -  
Then submit  
J

To \_\_\_\_\_

I appreciate your understanding of the critical  
need to pass timely and effective legislation *to deal with*  
~~concerning~~ our national energy <sup>problems</sup> program. Thank you  
for letting me know of your request that the Administration  
accept the three portions of the plan which have been  
agreed to in the event the Conference Committee does  
not reach agreement by April 10 on natural gas pricing.

Sincerely,

-----  
-----  
-----

HENRY M. JACKSON, WASH., CHAIRMAN

FRANK CHURCH, IDAHO  
LEE METCALF, MONT.  
J. BENNETT JOHNSTON, LA.  
JAMES ABRAHAM, S. CAR.  
FLOYD R. HASKELL, COLO.  
DALE BUMPERS, ARK.  
WENDELL H. FORD, KY.  
JOHN A. CURKIN, N.H.  
HOWARD M. METZENBAUM, OHIO  
SPARK M. MATSUMAGA, HAWAII

CLIFFORD P. HANSEN, WYO.  
MARK O. HATFIELD, OREG.  
JAMES A. MCCLURE, IDAHO  
DEWEY F. BARTLETT, OHLA.  
LOWELL P. WEICKER, JR., CONN.  
PETE V. DOMENICI, N. MEX.  
PAUL LAKALT, NEV.

## United States Senate

COMMITTEE ON  
ENERGY AND NATURAL RESOURCES

WASHINGTON, D.C. 20510

March 24, 1978

GRENVILLE GARSIDE, STAFF DIRECTOR AND COUNSEL  
DANIEL A. DREYFUS, DEPUTY STAFF DIRECTOR FOR LEGISLATION  
D. MICHAEL HARVEY, CHIEF COUNSEL  
W. O. CRAFT, JR., MINORITY COUNSEL

The President  
The White House  
Washington, D. C.

Dear Mr. President:

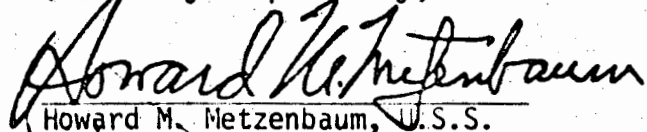
You have very clearly enunciated the need for Congress to pass a national energy plan. It has been claimed that our failure to have such a program has been interpreted throughout the world in such a manner as to adversely affect the value of the dollar and has caused other nations to ask us "Why?" Approximately four months ago, Senator Jackson proposed that the three portions of the national energy plan that had been agreed upon be approved by both houses of the Congress and sent to your office for signature. Had that occurred, it is possible that the other conferees dealing with the financial aspects of the national energy act would have acted on such taxes and credits as have heretofore been discussed, absent the COET tax.

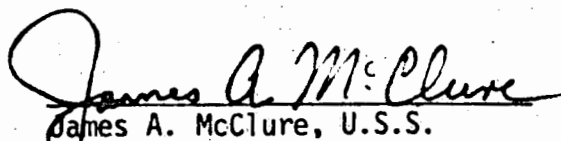
If this had occurred, it is estimated that more than 90% of the total energy savings originally possible under the national energy plan would have been achieved. But the continued struggle and effort to achieve legislation dealing with regulation of natural gas prices has caused the negotiations to drag on interminably.

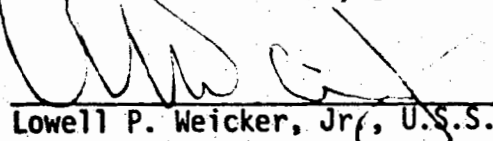
Now the Senate has made a proposal, and the House has come forth with a counterproposal. There are differing points of view as to whether or not the parties are close together or far removed. We strongly believe that if an agreement is not reached on natural gas pricing within one week from the date we return, the Administration should indicate to the leaders of Congress its willingness to accept the three parts presently agreed to.

We believe that such action would serve to dispel the notion that the U. S. does not take its energy problems seriously enough to enact a comprehensive energy policy. Clearly, more can be achieved, but passage of what has been agreed upon will be an important step.

Yours very respectfully,

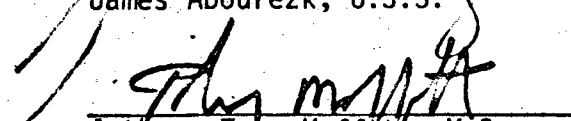
  
Howard M. Metzenbaum, U.S.S.

  
James A. McClure, U.S.S.

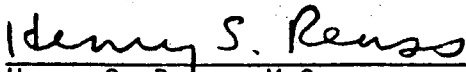
  
Lowell P. Weicker, Jr., U.S.S.

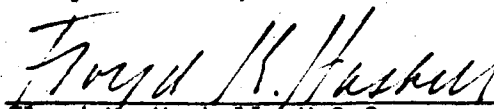
cc: Hon. James Schlesinger

  
James Abourezk, U.S.S.

  
Anthony Topy Moffett, M.C.

  
John A. Durkin, U.S.S.

  
Henry S. Reuss, M.C.

  
Floyd K. Haskell, U.S.S.

THE WHITE HOUSE  
WASHINGTON

March 29, 1978

TO: BILL SIMON

FROM: RONNA FREIBERG *RF*

Attached is a revision of the proposed  
reply to Senators Metzenbaum, McClure,  
and Weicker.

To \_\_\_\_\_:

I appreciate your letting me know of your interest in moving to final passage those components of the National Energy Plan already approved by the conference committee. These measures are important and will result in substantial savings.

However, our nation must have a comprehensive energy program which includes a resolution of the natural gas pricing and energy taxation issues. I share your concern with the difficulty the Congress has encountered in dealing with these divisive but critical matters; your cooperation in the days ahead is essential to adoption of the energy program which our nation urgently needs.

Sincerely,

Jimmy Carter

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Written by  
Don Tate*

THE WHITE HOUSE  
WASHINGTON

April 11, 1978

TO: RICK HUTCHESON  
FROM: FRANK MOORE

For the President's  
information.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 10, 1978

to: the president  
vice president  
HHA in  
F91

TO: FRANK MOORE  
FROM: LES FRANCIS  
SUBJECT: Votes on First Panama Treaty, including  
Amendments and Ratification

Q

Attached you will find the voting records of all 100 Senators on the first treaty. There were 34 roll call votes in all. This list goes from best (34 "right" votes) to worst.

cc: Bob Thomson  
Bob Beckel



## SENATE PANAMA VOTE RECORD

34 ROLL CALL VOTES

APR 04, 1978

NAME	WITH	AGAINST	ABSENT
BYRD (WV)	34	0	0
CHURCH	34	0	0
DANFORTH	34	0	0
HATHAWAY	34	0	0
LEAHY	34	0	0
MAGNUSON	34	0	0
PERCY	34	0	0
PROXMIRE	34	0	0
SARBANES	34	0	0
SPARKMAN	34	0	0
EAGELTON	33	0	1
HUMPHREY M.	33	0	1
MUSKIE	33	0	1
NELSON	33	0	1
PELL	33	0	1
STAFFORD	33	0	1
STEVENSON	33	0	1
CHAFEE	32	0	2
CLARK	32	1	1
CRANSTON	32	1	1
CULVER	32	1	1
HUDDLESTON	32	0	2
JACKSON	32	1	1
JAVITS	32	1	1
MATSUNAGA	32	0	2
RIBICOFF	32	0	2
BAYH	31	0	3
GLENN	31	1	2
HART	31	1	2
MCINTYRE	31	1	2
METZENBAUM	31	2	1
RIEGLE	31	1	2
WILLIAMS	31	0	3
BAKER	30	2	2
BUMPERS	30	0	4
CASE	30	1	3
HEINZ	30	4	0
HOLLINGS	30	1	3
KENNEDY	30	2	2
PEARSON	30	0	4
WEIKER	30	1	3
BIDEN	29	1	4
DURKIN	29	3	2
SASSER	29	1	4
STONE	29	5	0
CHILES	28	5	1
HASKELL	28	1	5
MOYNIHAN	28	2	4
ANDERSON	27	0	7
HODGES	27	1	6
INOUE	27	0	7
MATHIAS	27	0	7
PACKWOOD	26	3	5
HAYAKAWA	25	2	7

SENATE PANAMA VOTE RECORD  
34 ROLL CALL VOTES  
APR 04, 1978

NAME	WITH	AGAINST	ABSENT
MCGOVERN	25	2	7
HATFIELD (OR)	24	0	10
LONG	23	9	2
MORGAN	23	7	4
GRAVEL	22	4	8
RANDOLPH	19	9	6
TALMADGE	19	13	2
ZORINSKY	19	15	0
BENTSEN	18	3	13
CANNON	18	14	2
HATFIELD (MT)	17	5	12
NUNN	17	17	0
DECONCINI	15	16	3
ABOUREZK	14	1	19
BURDICK	13	16	5
MELCHER	13	19	2
WALLOP	13	21	0
BELLMON	11	12	11
DOMENICI	11	22	1
JOHNSTON	11	15	8
ROTH	11	23	0
BROOKE	10	22	2
FORD	10	16	8
SCHMITT	9	24	1
SCHWEIKER	9	25	0
ALLEN	8	26	0
DOLE	8	26	0
BYRD (VA)	7	27	0
EASTLAND	7	26	1
THURMOND	7	24	3
YOUNG	7	22	5
HANSEN	6	27	1
LUGAR	6	28	0
BARTLETT	5	24	5
LAXALT	5	29	0
STENNIS	5	21	8
TOWER	5	28	1
GARN	4	28	2
HATCH	4	29	1
HELMS	4	28	2
MCCLURE	4	30	0
STEVENS	4	26	4
CURTIS	3	31	0
GOLDWATER	3	25	6
GRIFFIN	2	29	3
SCOTT	1	33	0

1906

THE WHITE HOUSE

WASHINGTON

April 11, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been sent to stripping for mailing.

Rick Hutcheson

RE: LETTER TO CHAIRMAN FLEMMING

THE WHITE HOUSE

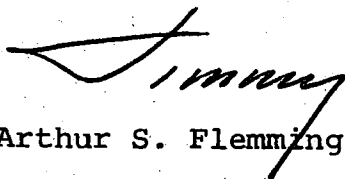
WASHINGTON

April 11, 1978

To Chairman Flemming

Thank you for your letter of March 6 concerning the plan I have submitted to Congress for the reorganization of Equal Employment Opportunity Programs. As noted in your letter, the assistance of the Commission on Civil Rights was vital to development of this plan by the Reorganization Project in the Office of Management and Budget. I am grateful to the Commission for your assistance and your generous offer of continued support, as well as for your unflagging efforts over two troubled decades to keep the Nation from neglecting our obligation to make equal opportunity a reality for all citizens.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", written over a horizontal line.

The Honorable Arthur S. Flemming  
Chairman  
United States Commission on Civil Rights  
Washington, D.C. 20425

UNITED STATES COMMISSION ON CIVIL RIGHTS

Washington, D. C. 20425

RL  
MAR 6 1978

DPS

3/10

000020

- President Jimmy Carter  
The White House  
Washington, D. C. 20500

Dear Mr. President:

The United States Commission on Civil Rights commends you on your recently announced plan to reorganize Federal equal employment opportunity responsibilities. We have long maintained that a unified, coherent Federal structure for enforcement is a necessary prerequisite to a meaningful effort to combat job discrimination.

We believe that the reorganization plan you propose should ameliorate many of the problems we documented in two major Commission studies of Federal efforts to end employment discrimination. The first, released in 1975, revealed that progress in equal employment opportunity enforcement had been seriously hampered by the assignment of authority to a number of agencies with inconsistent policies and independent, uncoordinated compliance programs. The second, completed in 1977, was undertaken to assess Federal activities since the first study. It showed that although there had recently been a number of positive initiatives to strengthen enforcement of Federal equal employment opportunity law, the existence of inconsistent policies and standards and the absence of joint investigative and enforcement strategies remained as serious as in 1974.

This second review was conducted at the request of the Office of Management and Budget, in connection with your Reorganization Project. Our assistance to OMB was largely to provide a technical analysis of the shortcomings of Federal equal employment opportunity enforcement. We also commented on various aspects of the plan when OMB circulated it to Federal departments and agencies for reaction. We were pleased that as OMB prepared its recommendations for a reorganization plan, it was responsive to the major deficiencies we identified in our two reports.

We understand that there may be some opposition to aspects of the reorganization proposal concerning oversight of Federal employee equal employment rights. In our 1975 report, and again in 1977, we found that Federal employees were not being offered the same basic protections under the Civil Service Commission's enforcement of Title VII of the Civil Rights Act of 1964 as were being given to private employees by the Equal Employment Opportunity Commission's enforcement of the same statute.

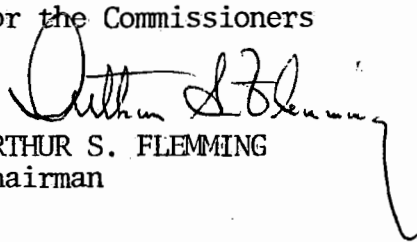
We are wholly supportive of your proposal to shift enforcement of equal employment opportunity for Federal employees from the Civil Service Commission to the Equal Employment Opportunity Commission. The transfer would consolidate the two agencies' duties to enforce equal employment opportunity in the agency whose sole purpose is to protect employee rights. If the Government is to strengthen its stance against job discrimination, it is essential that equal employment opportunity law be applied firmly and consistently.

As you are probably aware, since 1957, this Commission has often been a critic of Federal civil rights activities. The number of occasions on which we have been able to praise a President for positive civil rights efforts has unfortunately been too few. Thus, it is gratifying that you have taken such a major step toward making equal employment opportunity a reality for the Nation.

We will testify before Congress as to the merits of the plan you have proposed and to the great need for it. We would be pleased to provide whatever assistance you might request in accomplishing this plan.

Sincerely,

For the Commissioners



ARTHUR S. FLEMMING  
Chairman

1902  
THE WHITE HOUSE  
WASHINGTON

April 11, 1978

Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jim Gammill

RE: FRANCES HOWARD TO INTERNATIONAL  
POSITION

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
/		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
/	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS SEEN.

MARGARET MEAD  
16 WEST 77TH STREET  
NEW YORK, NEW YORK 10024

*Jimmy, good idea  
R*

*Ham  
J*

March 20, 1978

Mrs. Rosalynn Carter  
The White House  
Washington, D.C. 20500

Dear Rosalynn: Carter,

I am writing you about two things:

- 1) Wouldn't it be a good idea to extend the world's memory of Hubert Humphrey by putting Frances Howard in an important international position? I am enclosing a letter I have just written the Vice President.
- 2) I do hope you have succeeded in injecting and keeping alive an international dimension in the work of the national commission on mental health - as you said you hoped to do, when you were in Vancouver.

*HH's sister*

With warm regards.

Yours sincerely,

*Margaret Mead*

Margaret Mead

MM:rl

MARGARET MEAD  
15 WEST 77TH STREET  
NEW YORK, NEW YORK 10024

March 20, 1978

Vice President Walter Mondale  
The White House  
Washington, D.C. 20500

Dear Fritz:

I am writing to urge you to find some appropriate international post for Frances Howard which will utilize her wide political experience, and dramatize the high esteem in which her brother was held around the world. It's a moment we shouldn't lose; an ambassadorship, or possibly an ambassador at large would be appropriate. Recent events have shown us the value of the gratitude and appreciation which this country and other countries feel for Hubert. We have had so many years with nothing to be proud of, or with our pride marred by assassination, that I believe the manner of his living and his and of his dying - as you said in your address - is revitalizing for the world.

Please think about it.

With warm wishes,

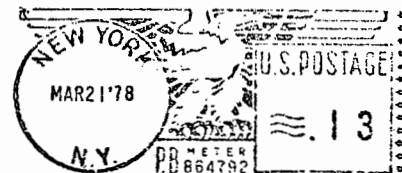
Sincerely yours,



Margaret Mead

cc: Mrs. Rosalynn Carter  
MM:rl

MARGARET MEAD  
15 WEST 77TH STREET  
NEW YORK, NEW YORK 10024



Mrs. Rosalynn Carter  
The White House  
Washington, D.C. 20500

1901

THE WHITE HOUSE  
WASHINGTON  
April 11, 1978

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson  
DOMESTIC POLICY STAFF WEEKLY  
STATUS REPORT

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

April 7, 1978

*Stu - I prefer these  
on Friday - I  
get them on  
Tuesday  
J*

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Weekly Status Report

NATURAL RESOURCES

Water Policy Study: Interior-OMB-CEQ recommendations will be in senior staffing by the end of the week.

Alaskan D-2 Lands: House Merchant Marine Committee held hearings last week, and must report bill by May 1st. Senate Natural Resources Committee held one hearing, and has more hearings tentatively scheduled for April and May.

Outer Continental Shelf: Conference scheduled to begin April 12th. Working with Interior, Commerce and OMB.

ENERGY

National Energy Act (NEA): Natural Gas Conference discussions have resumed. Schlesinger/Moore memo recommending Presidential action on natural gas and COET to you soon. Continuing to work closely with Schlesinger, Moore, Treasury, CEA and OMB.

Energy Impact Assistance: Final decision memorandum is in preparation. Options for announcement of program are being evaluated.

CRBR Agreement with the Congress: Continuing negotiations with Congressional Committees. Mark-up in House Science and Technology Committee postponed until April 11.

INTEGRITY AND OPENNESS IN GOVERNMENT

Lobby Law Reform: We continue to work with Frank's staff to move the Senate Governmental Affairs Committee to mark-up, and on House floor strategy. A House floor vote will probably occur in mid-April.

## CIVIL SERVICE REFORM

Civil Service Reform Initiative: Hearings resumed in the House on April 4. Senate hearings began on April 6. The legislative team is visiting with Committee members and meeting with a variety of interest groups. Language for the labor relations section of the bill is being developed.

## HEALTH

National Health Insurance: DPS is coordinating response of the Cabinet departments to the HEW lead agency memo.

Hospital Cost Containment: DPS and Congressional Liaison staff met with Congressman Rogers to plan legislative strategy. Ways and Means remains the chief hurdle. If Talmadge and Senate Finance move more quickly, this will have beneficial impact on Ways and Means vote.

## HUMAN RESOURCES

Vietnam Veterans PRM: The lead agencies are preparing to submit their reports on May 1. We expect some adverse publicity in the next week because April 7 is the day that many of those who received upgraded discharges under the special program will lose their veterans benefits because they could not meet the requirements of the restrictive law passed by Congress. We are submitting legislation to extend the date until the applicants have a chance to complete the appeals process.

Social Security: We are continuing to monitor the situation on the Hill. The press accounts are beginning to point to the problems in reaching a consensus on a payroll tax roll-back.

Pension Commission: We have been working with OMB in doing the preliminary work toward establishing the Commission on Pension Policy. It appears that legislation will be necessary to establish the commission for more than one year but it is unlikely that we can get a bill passed very soon due to the number of committees involved. We are exploring the possibility of establishing the commission by executive order and simultaneously sending up legislation which would continue it for its full term.

ok -  
Let's do  
this

Consult  
Congress  
leaders

### AGRICULTURE AND RURAL DEVELOPMENT

Farm Bill: We continue to work closely with the Department, Frank Moore's staff, the Vice President and OMB on implementing the strategy you have approved.

Crop Insurance: A decision memorandum on this topic is on its way to you.

Sugar: The Interagency Working Group is preparing an options memorandum for you on this topic. Senator Church is delaying ratification of the International Sugar Agreement, pending Administration action regarding extension of the domestic sugar program.

### ECONOMICS AND BUSINESS

Working closely with Charlie Schultze, Jim Fallows and others on your speech.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 10, 1978

9:00 AM

C

MEETING WITH SENATOR HOWARD BAKER (R-TENNESSEE)

Tuesday, April 11, 1978

9:00 a.m.

The Oval Office

From: Frank Moore *f.m./pd -*

I. PURPOSE

Senator Baker needs a Presidential pep talk on the second treaty. Hamilton has some information on the general situation in Panama which he should give to you verbally. I will also discuss some of this information with you tomorrow morning.

I think you should stress with Senator Baker the importance of passing the second treaty and of keeping our focus on the treaty and not on peripheral problems. You should tell the Senator that we believe we have a handle on the situation in Panama. Senator Byrd and other Democratic Senators will be meeting with Senator DeConcini on Tuesday and Senator Baker is scheduled to meet with DeConcini on Wednesday.

II. PRESS PLAN

White House Photo Only

III. PARTICIPANTS

The President and Senator Baker (possibly Frank Moore)



THE WHITE HOUSE  
WASHINGTON

April 11, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: FOLEY SUBSTITUTE

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
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	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

Good!  
J

APRIL 11, 1978  
TUESDAY - 12:45 p.m.

MR. PRESIDENT:

THE HOUSE RULES COMMITTEE BY ONE VOTE  
(LED BY CONGRESSMAN JOHN YOUNG OF TEXAS)  
DEFEATED THE MOTION TO ALLOW THE FOLEY  
SUBSTITUTE. THEREFORE, WE HAVE A  
STRAIGHT UPPER-DOWN VOTE ON THE DOLE  
BILL WEDNESDAY OR THURSDAY. WE ARE  
GOING ALL OUT TO KILL IT.

FRANK

THE WHITE HOUSE  
WASHINGTON

April 11, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Tim Kraft

RE: MEETING WITH REPUBLICAN  
CONFEREES

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
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	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
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	H. CARTER
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	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

*mtg - Repub conf-  
Free - want to  
meet - me & Jim.*

*Frank -  
Set up*

CONGRESSIONAL TELEPHONE CALL

*J.M. J*

TO: Rep. John B. Anderson (R-Ill. 16)

DATE: Monday, April 10, 1978

RECOMMENDED  
BY: Jim Free

PURPOSE: To keep the lines of communication open with the Republican members of the energy conference.

BACKGROUND: Rep. Anderson is the Republican member of the energy conference committee who has been the most willing to work with the Administration to get an energy bill.

If Rep. John Dingell will not move to help us put together a compromise, we must stay in touch with the Republicans to put together a coalition of both Republicans and Democrats to pass a bill.

TOPICS OF  
DISCUSSION:

1. Although we are getting very close to a natural gas agreement, it is getting increasingly difficult to close the final gap.
2. I am sure you know the delicate nature of the Senate coalition led by Senators Jackson and Domenici.
3. Since the proposal draws its support from both historically strong regulators and deregulators, there is really very little room for movement either way in the final effort to come to an agreement with the House.
4. The Senate bill is a good bill and from the point of view of producers and consumers alike, far better than no bill.

5. Those who have favored continued regulation in the House are attempting to move the Senate agreement in that direction -- at the possible risk of the collapse of the Senate coalition.
6. I think it is important in the coming days for you and me to keep the channels of communication open.
7. I know that some Republicans would like to move the Senate proposal closer to deregulation, but that might cause the regulators in the Senate coalition to withdraw.
8. The answer will thus have to be something close to the Senate proposal, and I hope you will give careful consideration to being able to support that proposal if it appears that those favoring stronger regulation in the House are moving too far.
9. The country sorely needs this bill. Your support and statesmanship are needed to help break this 25-year deadlock and gain the support of other Republicans.

Date of submission: April 10, 1978

THE WHITE HOUSE  
WASHINGTON

April 11, 1978

Jack Watson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat

RE: SOUTH BRONX



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
✓		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

April 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

Since my recent note to you (dated April 8th) on the South Bronx situation, there has been a dramatic turnaround in the City's position. This is a direct result of the Mayor's awareness that we would "hang tough" on what constitutes a reasonable set of goals.

For example, the City has stretched out its housing plan from five to seven years and reduced the first year's requested housing units from more than 4,000 to about 1,000 (our initial offer). Numerous other cuts have been made so that the five-year proposal is now a multi-million rather than a multi-billion dollar request.

Therefore, I will not be sending the strong letter you saw, but plan to prepare a toned down version reflecting these latest developments. In addition, Mayor Koch has invited me to appear with him at a press conference on Wednesday to announce the City's preliminary draft proposal. Subject to your approval, I will join Ed for the announcement, if I can extract certain conditions from him.

First, we need guarantees that an effective delivery system to plan and implement the South Bronx effort is established, forging strong linkages between economic activity generated and the hard-core unemployed. Second, my appearance will in no way ratify this five-year proposal, which contains the City's goals (not ours) to be refined and revised during at least a year of top-notch planning work performed with federal assistance and participation. Third, federal commitments which I announce will constitute only a first-year package, to be buttressed by City-proposed improvements in existing programs and services, as well as State, neighborhood and private sector participation. We are consulting with the principal interagency officials on the final items in the package to be announced. My staff will be negotiating details in the next 24 hours.

*Jack  
ok  
J*

I am extremely pleased about this turn of events and am sure that the unequivocal position we were expressing was the crucial factor in the City's dramatic change in attitude.

THE WHITE HOUSE  
WASHINGTON

April 11, 1978

Jim McIntyre

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat  
Frank Moore

RE: CONRAIL

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Frank Moore and Stu  
Eizenstat concur.

Rick (wds)



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

*Jim*  
*Q*  
*/*

April 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. MCINTYRE, JR. *James McIntyre*  
SUBJECT: Additional Assistance to ConRail

The Consolidated Rail Corporation (ConRail) has indicated that it will be unable to become self-supporting within the \$2,026 million in loans appropriated in 1976 for this purpose. It believes that at least an additional \$1.3 billion is needed before the corporation can begin to show a profit. Secretary Adams is scheduled to respond to the ConRail proposal before Congress on both April 12 and 13. He believes that the Administration should support an authorization bill for the full \$1.3 billion at those hearings. OMB, Treasury, and the U.S. Railway Association join with the Secretary in recommending support of the legislation before the congressional committees. An Analysis of Budget Costs of this approach is attached. Your approval is requested before the hearings begin.

Background

The bankruptcy of the Penn Central and six other railroads in 1971 threatened cessation of rail service in a 17 state region of the Northeast and Midwest. Faced with the enormity of the economic impact if rail service stopped, the Federal Government intervened to assure continuation of service and to reorganize the lines into a self-supporting private corporation. ConRail was the result. The presumption was that the new corporation could become profitable within five years if it followed the outline of a Federally-prepared operations plan and if it were loaned \$2.1 billion. That amount now appears to be insufficient because of errors in the original plan, unforeseen events such as the coal strike, and the inability of ConRail's management to meet key milestones of the plan.

## Analysis

Preparation of the Administration's response to the ConRail proposal is influenced by several factors. They are:

- Limiting aid to the currently appropriated level would force the corporation into bankruptcy during calendar 1979--returning the problem to its 1971 status and urgency.
- The Nation does require some level of rail service in the region yet much of the deterioration allowed by the bankrupt railroads has not been overcome. A large part of the additional investment would be for rehabilitation of those facilities that would be needed as part of any rail network--regardless of the final decision on ConRail. Achievement of self-supporting rail service in the region thus requires additional aid at some level.
- Since ConRail will exhaust currently available funding during 1979 and more aid may be desirable, it would be less expensive in the long run to avoid a break in funding.

Secretary Adams, with our support, attempted to postpone this issue until the 1980 budget. He proposed to relevant committees (House and Senate Commerce and Appropriations) that loan guarantees already available to the Department be used to see ConRail through 1979. This would allow time for both the Executive and Congress to better determine their position on additional ConRail aid while exploring the full range of alternatives.

The committee chairmen, however, were united in opposition to the delay proposal. They felt compelled to have legislation on the issue this year. To do this, the Budget and Impoundment Control Act would require them to report a bill by May 15.

## Implications of Supporting an Authorization

We do not know how much additional aid ConRail needs. That number is almost totally dependent upon assumptions about the size of ConRail's route structure, its workforce, and the volume of freight carried. If ConRail's assumptions were accepted, both DOT and USRA believe that \$1.3 billion may be only half the necessary increase. The final number of course, could be lower with different assumptions. Analysis of alternatives has begun and conclusions will be possible later this year.

If an authorization for \$1.3 billion could be obtained now, however, it would satisfy the Committees' desire to act even though it would be qualified by the limited time for analysis. We believe that any other position would lead to a confrontation which would encourage the committees to prepare their own bill and include directions to ConRail-- forcing you into a veto decision and shifting the initiative to Congress. Preemptive support now, if successful, would leave the Administration free to develop its own terms and conditions for additional aid to ConRail, subject only to annual appropriations, and to continue analysis of ConRail's assumptions. Since the \$1.3 billion ceiling imposes a constraint that will be difficult to meet without rigorous control of the funding, this approach allows the Administration and ConRail to resist local political pressure on the corporation. Secretary Adams signals this view by saying in his testimony: "...I am willing to work with them (ConRail) to insure that financial self-sufficiency for ConRail is achieved within the increased Federal investment ceiling they have requested."

In expectation of this position, the Departments of Transportation and Treasury have procedurally placed themselves in a position to exercise complete control over the disbursement of funds to ConRail. They have also begun discussions with OMB and the U.S. Railway Association to develop conditions that might be applied to ConRail aid. The first set would be to enforce the use of the aid to insure a turn around within that amount. Specific actions for ConRail will be proposed for labor productivity, equipment utilization, operating improvements, capital investment, and size of the route system. ConRail has also agreed to undertake analyses of these areas over the next six months. The second set would be a series of analyses of alternatives to ConRail which concentrate on network and workforce size and relationship with other railroads. The result would be a series of actions which attempt to retain a private self-supporting rail system in the region at the lowest cost to the taxpayer.

### Decision

In summary, the final amount of additional aid to ConRail will depend upon analyses to be performed during the year. The total, however, will probably be at least \$1.3 billion. We believe support of an authorization for \$1.3 billion now, with no qualifying riders, represents the most practical alternative for retaining Executive control of ConRail. We recommend approval of this course of action.



☒ Support an authorization for ConRail at the hearings and develop a strategy for resolving this issue for the least possible cost. Submit that approach for my approval. (DOT, Treasury, OMB and USRA).

☐ See me.

JC

## Attachment

### Analysis of Budget Costs

Issue: Should additional aid to ConRail be supported?

(in millions of dollars)

	1979		1980		1981		1982	
	BA	O	BA	O	BA	O	BA	O
Planning Base .....	136	395	--	--	--	--	--	--
Change to Base .....	585	585	389	389	242	242	67	67
Total .....	721	980	389	389	242	242	67	67

#### Basis for Estimate:

ConRail's February 15 business plan indicated that an additional \$1,283 million to the \$2,026 million currently appropriated would be needed in order to become self-supporting.

#### Factors That Could Modify the Budget Impact

The validity of assumptions made in the plan could affect the funding level of any year or the total. That plan is now under intensive review by the Department of Transportation and the U.S. Railway Association. Preliminary indications are that the requested funding may be insufficient unless rigorous controls are imposed.

ID 781890

T H E   W H I T E   H O U S E

WASHINGTON

DATE: 11 APR 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

JODY POWELL

CHARLIE SCHULTZE

STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON

SUBJECT: MCINTYRE MEMO RE ADDITIONAL ASSISTANCE TO CONRAIL

+++++  
+    RESPONSE DUE TO RICK HUTCHESON    STAFF SECRETARY (456-7052)    +  
+            BY:    1200 PM TUESDAY    11 APR 78            +  
+++++

ACTION REQUESTED: IMMEDIATE ACTION

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

April 11, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Jim McIntyre's Memorandum  
re: Additional Assistance  
to ConRail

I concur in Jim McIntyre's recommendation that you support an authorization of \$1.3 billion for ConRail. This additional aid is required in order to avoid the probable bankruptcy of this railroad during calendar year 1979. We have attempted to devise alternatives to this authorization bill, but it has become clear that this legislation is the most viable option at this time.

THE WHITE HOUSE  
WASHINGTON

rick--

i think jody powell  
sent these in to the  
president

-- susan

FROM A REVIEW OF THE PRESS OVER THE PAST FEW DAYS,  
I MUST CONCEDE THAT YOU'RE DOING AT LEAST 50 PERCENT OF YOUR  
JOB.

I REALLY HAD A DIFFICULT TIME DECIDING WHAT TO TALK  
TO YOU ABOUT TODAY.

THINGS HAVE BEEN GOING SO WELL FOR US LATELY I JUST  
DIDN'T KNOW WHERE TO START. (PAUSE)

I FINALLY DECIDED TO TAKE ONE OF THE EASIEST AND  
LEAST COMPLEX PROBLEMS ON THE LIST -- INFLATION, ENERGY AND  
THE DOLLAR.

IT'S A GREAT HONOR FOR ME TO BE HERE TODAY.

I KNOW IT IS ONE OF THE MOST IMPORTANT AND PRESTIGIOUS  
GATHERINGS OF THE YEAR, BECAUSE I WAS READING ABOUT IT THIS  
MORNING IN ONE OF OUR LOCAL PAPERS. (PAUSE)

PAGE D-13 I BELIEVE IT WAS -- RIGHT NEXT TO THE CAR  
LEASING AD. (PAUSE)

YOU REALLY SHOULD FEEL HONORED -- THAT'S THE TRADITIONAL  
SPOT FOR CORRECTIONS AND RETRACTIONS.

I WANTED TO SAY JUST A WORD OR TWO ABOUT THE FINE  
JOB THE PRESS IS DOING. (PAUSE) OVER A CENTURY AGO, A  
STANDARD WAS SET FOR YOUR PROFESSION WHEN THE CHICAGO TIMES  
SAID THAT A NEWSPAPER'S DUTY IS "TO PRINT THE NEWS AND RAISE  
HELL."

FROM A REVIEW OF THE PRESS . . .

1:10 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

ADDRESS TO THE  
AMERICAN SOCIETY OF NEWSPAPER EDITORS

Tuesday-April 11, 1978  
Washington Hilton Hotel

From: Tim Kraft

SEQUENCE

1:10 p.m.

You board motorcade on South Grounds and  
depart en route Washington Hilton Hotel.

1:20 p.m.

Motorcade arrives Washington Hilton Hotel.

PRESS POOL COVERAGE  
CLOSED ARRIVAL

Proceed to holding room.

PERSONAL TIME: 9 minutes

1:30 p.m.

You depart holding room en route offstage  
announcement area.

1:31 p.m.

Announcement.

You proceed inside Grand Ballroom and  
take your seat on the stage.

OPEN PRESS COVERAGE  
ATTENDANCE: 1200

NOTE: Seated on the stage will be eighteen  
past presidents of ASNE.

1:33 p.m.

Introduction of you by Eugene (Gene)  
Patterson, President of ASNE.

1:34 p.m.

PRESIDENTIAL REMARKS.

FULL PRESS COVERAGE  
LIVE LOCAL TELEVISION

1:54 p.m.

Remarks conclude. You return to your seat.



2.

1:55 p.m.

Explanation of Question and  
Answer format by Gene Patterson,  
concluding in your re-introduction.

2:00 p.m.

You take questions from the audience.

FULL PRESS COVERAGE

2:25 p.m.

Question and Answer Session concludes.

You thank your hosts and proceed to  
motorcade for boarding.

PRESS POOL COVERAGE  
CLOSED DEPARTURE

2:30 p.m.

Motorcade departs Washington Hilton Hotel  
en route South Grounds.

2:40 p.m.

Motorcade arrives South Grounds.

PRESIDENT JIMMY CARTER

AMERICAN SOCIETY OF NEWSPAPER EDITORS

TUESDAY, APRIL 11, 1978

CONVENTION

PRESIDENT PATTERSON, FUTURE PRESIDENT HUGHES,  
DISTINGUISHED EDITORS FROM AROUND THE NATION,....

LADIES AND GENTLEMEN.

REALIZE → IMPORTANT PRESTIGIOUS - SEVERAL EDITORIALS  
PROB find a PROBLEM - DIFFICULT - INFLATION, ENERGY, - DOLLAR  
DURING THE LAST FIFTEEN MONTHS WE IN THE UNITED STATES

HAVE MADE GOOD PROGRESS IN SUSTAINING GROWTH AND CREATING JOBS.

FOUR-AND-A-HALF MILLION MORE PEOPLE ARE AT WORK  
TODAY THAN FIFTEEN MONTHS AGO.

THE UNEMPLOYMENT RATE HAS FALLEN FROM NEARLY 8 PERCENT  
TO A LITTLE MORE THAN 6 PERCENT.

AVERAGE HOUSEHOLD INCOME, AFTER ADJUSTMENT FOR  
BOTH TAXES AND INFLATION, IS 5 PERCENT HIGHER NOW THAN  
A YEAR AGO.

BUSINESS PROFITS IN THE SECOND HALF OF 1977 WERE  
15 PERCENT HIGHER THAN ONE YEAR BEFORE, AND DURING THAT  
TIME THE INFLATION RATE WAS HELD TO A REASONABLE AND  
PREDICTABLE LEVEL.

BUT TOO MANY AMERICANS . . . .

USED Auto  
ADS  
APPROLOGUE  
CORRECTIONS  
Local  
D13

BUT TOO MANY AMERICANS -- PARTICULARLY YOUNG  
PEOPLE AND MEMBERS OF MINORITY GROUPS -- ARE STILL  
WITHOUT JOBS.

I AM DETERMINED TO SUSTAIN OUR ECONOMY'S PROGRESS  
TOWARD HIGH EMPLOYMENT AND RISEING REAL INCOME, WITH  
BOTH EXISTING PROGRAMS AND WITH NEW, CAREFULLY TARGETED  
INCENTIVES TO ENCOURAGE PRIVATE BUSINESS TO HIRE THE  
HARD-CORE UNEMPLOYED.

WE HAVE OTHER ECONOMIC PROBLEMS WHICH CAUSE US  
CONTINUING DEEP CONCERN.

OUR NATION'S ECONOMIC HEALTH CAN BE PROTECTED  
ONLY IF WE CAN COPE WITH THE TWO DEVELOPMENTS THAT NOW  
THREATEN IT MOST SERIOUSLY -- THE HIGH LEVEL OF OIL  
IMPORTS AND THE INCREASING RATE OF INFLATION.

THESE TWO PROBLEMS BOTH IMPERIL OUR ECONOMIC  
RECOVERY AND THREATEN THE STRENGTH OF THE DOLLAR.  
BOTH MUST BE CONTROLLED.

THE STEPS THAT WE WILL TAKE ARE PART OF A WIDER  
INTERNATIONAL EFFORT BY THE MAJOR INDUSTRIAL NATIONS  
TO PROMOTE WORLD RECOVERY IN 1978.

IN THIS EFFORT, EACH COUNTRY HAS A ROLE TO PLAY --  
WITH THE U.S. MAINTAINING ITS GROWTH WHILE ATTACKING  
INFLATION AND LIMITING OIL IMPORTS, .... OTHER COUNTRIES  
ACHIEVING THEIR GROWTH TARGETS, .... AND ALL COUNTRIES  
AVOIDING PROTECTIONISM AND PROVIDING GREATER AID TO  
DEVELOPING COUNTRIES.

IN THE HOPE THAT THIS CONCERTED . . .

IN THE HOPE THAT THIS CONCERTED APPROACH WILL  
MAKE A LARGE CONTRIBUTION TO WORLD RECOVERY, I JOINED  
THE LEADERS OF SIX OTHER NATIONS YESTERDAY IN ANNOUNCING  
THAT WE WILL MEET ON JULY 16 AND 17 IN BONN TO PRESS  
AHEAD WITH OUR COMMON EFFORTS.

BUT THE FIRST REQUIREMENT IS EFFECTIVE ACTION  
WITHIN EACH NATION.

THE PRIMARY REASON FOR OUR PROBLEMS WITH THE  
BALANCE OF TRADE AND THE DECREASING VALUE OF THE DOLLAR  
IS NO MYSTERY.

TEN YEARS AGO WE WERE PAYING ROUGHLY \$2 BILLION  
FOR IMPORTED OIL.

THIS YEAR OIL IMPORTS WILL COST US MORE THAN  
\$45 BILLION.

OUR ENERGY PROBLEMS ARE NO LONGER THEORETICAL  
OR POTENTIAL.

THEY ARE AN ACTIVE THREAT TO THE ECONOMIC  
WELL-BEING OF OUR PEOPLE.

OF ALL THE MAJOR COUNTRIES IN THE WORLD, THE  
UNITED STATES IS THE ONLY ONE WITHOUT A NATIONAL ENERGY  
POLICY,.....AND BECAUSE THE CONGRESS HAS NOT ACTED,  
OTHER NATIONS HAVE BEGUN TO DOUBT OUR WILL.

HOLDERS OF DOLLARS THROUGHOUT THE WORLD HAVE  
INTERPRETED OUR FAILURE TO ACT AS A SIGN OF ECONOMIC  
WEAKNESS, AND THESE VIEWS HAVE BEEN DIRECTLY TRANSLATED  
INTO A DECREASING VALUE OF OUR CURRENCY.

THE FALLING DOLLAR IN INTERNATIONAL MONETARY  
MARKETS MAKES INFLATION WORSE HERE AT HOME.

IT RAISES THE PRICE OF GOODS . . .

IT RAISES THE PRICE OF GOODS WE IMPORT, AND  
THIS MAKES IT EASIER FOR DOMESTIC PRODUCERS TO RAISE  
THEIR OWN PRICES AS WELL.

THAT IS WHY WE MUST HAVE MEANINGFUL ENERGY  
LEGISLATION WITHOUT FURTHER DELAY.

OUR SECURITY DEPENDS ON IT, AND OUR ECONOMY  
DEMANDS IT.

IF CONGRESS DOES NOT ACT, THEN OIL IMPORTS WILL  
HAVE TO BE LIMITED BY ADMINISTRATIVE ACTION UNDER PRESENT  
LAW, WHICH IS NOT THE MOST DESIRABLE SOLUTION.

ONE WAY OR THE OTHER, OIL IMPORTS MUST BE REDUCED.

RECENTLY OUR HEALTHY AND SUSTAINED ECONOMIC GROWTH  
HAS EXCEEDED THAT OF MOST OTHER NATIONS WHO ARE OUR MAJOR  
TRADING PARTNERS, SO WE HAVE BEEN BETTER ABLE TO BUY  
THEIR GOODS THAN THEY HAVE TO BUY OURS.

OUR STANDARD OF LIVING AND OUR ABILITY TO GROW  
DEPEND ON THE RAW MATERIALS AND GOODS WE IMPORT FROM  
OTHER COUNTRIES.

THEREFORE, TO PREVENT FURTHER SERIOUS TRADE  
IMBALANCES, WE NEED TO EXPORT MORE AGRICULTURAL PRODUCTS  
AND OTHER GOODS AND SERVICES TO PAY FOR OUR PURCHASES  
ABROAD.

A CABINET-LEVEL TASK FORCE, CHAIRED BY THE  
SECRETARY OF COMMERCE, WILL DEVELOP ADDITIONAL MEASURES  
TO PROMOTE EXPORTS, AND WILL REPORT BACK TO ME WITHIN  
60 DAYS.

NOW I WILL DISCUSS THE STEPS WE MUST TAKE TO  
PROTECT OUR NATIONAL ECONOMIC GROWTH AND THE JOBS AND  
PROSPERITY OF OUR PEOPLE FROM THE <sup>*MOST SERIOUS*</sup> THREAT OF GROWING  
INFLATION.

CONSERVING ENERGY, . . . .



CONSERVING ENERGY, INCREASING EFFICIENCY AND  
PRODUCTIVITY, ELIMINATING WASTE, REDUCING OIL IMPORTS  
AND EXPANDING OUR EXPORTS WILL HELP TO FIGHT INFLATION;....  
BUT MAKING THAT FIGHT A SUCCESS WILL REQUIRE FIRM  
GOVERNMENT POLICIES AND FULL PRIVATE COOPERATION.

THE INFLATION WE ARE SUFFERING TODAY BEGAN  
MANY YEARS AGO AND WAS AGGRAVATED IN 1973 AND 1974 BY  
A QUADRUPLING OF OPEC OIL PRICES,....WIDESPREAD CROP  
SHORTAGES,....SOVIET GRAIN PURCHASES,....SUBSTANTIAL  
DEVALUATION OF THE DOLLAR,....AND A WORLDWIDE INDUSTRIAL  
BOOM THAT LED TO DOUBLE DIGIT INFLATION IN THE UNITED  
STATES AND AROUND THE WORLD.

INFLATION  
#1 NOW HAS BECOME EMBEDDED IN THE VERY TISSUE  
OF OUR ECONOMY.

IT HAS RESISTED THE MOST SEVERE RECESSION IN A  
GENERATION.

IT PERSISTS BECAUSE ALL OF US -- BUSINESS AND LABOR,  
FARMERS AND CONSUMERS -- ARE CAUGHT ON A TREADMILL THAT  
NONE CAN STOP ALONE.

EACH GROUP TRIES TO RAISE ITS INCOME TO KEEP UP  
WITH PRESENT AND ANTICIPATED RISE COSTS; EVENTUALLY  
WE ALL LOSE THE INFLATION BATTLE TOGETHER.

THERE ARE NO EASY ANSWERS.

WE WILL NOT SOLVE INFLATION BY INCREASING  
UNEMPLOYMENT.

WE WILL NOT IMPOSE WAGE AND PRICE CONTROLS.

WE WILL WORK WITH MEASURES THAT AVOID BOTH  
EXTREMES.

OUR FIRST AND MOST DIRECT . . . .

OUR FIRST AND MOST DIRECT EFFORTS ARE WITHIN  
GOVERNMENT ITSELF.

WHERE GOVERNMENT CONTRIBUTES TO INFLATION, THAT  
CONTRIBUTION MUST BE LESSENED;....WHERE GOVERNMENT  
EXPENDITURES ARE TOO HIGH, THAT SPENDING MUST BE REDUCED;....  
WHERE GOVERNMENT IMPOSES AN INFLATIONARY BURDEN ON  
BUSINESS, LABOR, AND CONSUMERS, THOSE BURDENS MUST BE  
LIGHTENED;....WHEREVER GOVERNMENT CAN SET AN EXAMPLE OF  
RESTRAINT AND EFFICIENCY, IT MUST DO SO.

THE BUDGET I HAVE PROPOSED FOR THE NEXT FISCAL  
YEAR IS BOTH TIGHT AND CAPABLE OF MEETING THE NATION'S  
MOST PRESSING NEEDS.

THE PROSPECTIVE DEFICIT IN THAT BUDGET IS AS LARGE  
AS WE CAN AFFORD WITHOUT COMPROMISING OUR HOPES FOR  
BALANCED ECONOMIC GROWTH AND A DECLINING INFLATION RATE.

AS ALWAYS, PRESSURES ARE DEVELOPING ON ALL SIDES  
TO INCREASE SPENDING AND ENLARGE THAT DEFICIT.

POTENTIAL OUTLAY INCREASES IN THE 1979 BUDGET  
WHICH ARE NOW BEING CONSIDERED BY CONGRESSIONAL COMMITTEES  
WOULD ADD BETWEEN \$9 BILLION AND \$13 BILLION TO SPENDING  
LEVELS NEXT YEAR.

THE PRICE OF SOME OF THESE POLITICALLY ATTRACTIVE  
PROGRAMS WOULD ESCALATE RAPIDLY IN FUTURE YEARS.

I AM ESPECIALLY CONCERNED ABOUT TUITION TAX  
CREDITS, HIGHWAY AND URBAN TRANSIT PROGRAMS, POSTAL SERVICE  
FINANCING, FARM LEGISLATION, AND DEFENSE SPENDING.

BY EVERY MEANS AT MY DISPOSAL, I WILL RESIST  
THOSE PRESSURES AND PROTECT THE INTEGRITY OF THE BUDGET.

INDEED, AS OPPORTUNITIES ARISE . . .

INDEED, AS OPPORTUNITIES ARISE, WE MUST WORK TO  
REDUCE THE BUDGET DEFICIT, AND TO ENSURE THAT BEYOND  
1979 THE DEFICIT DECLINES STEADILY AND MOVES US TOWARD  
A BALANCED BUDGET.

I WILL WORK CLOSELY WITH THE CONGRESS AND,  
IF NECESSARY, WILL EXERCISE MY VETO AUTHORITY TO KEEP  
THE 1979 BUDGET DEFICIT AT OR BELOW THE LIMITS I HAVE  
PROPOSED.

THE FEDERAL GOVERNMENT MUST ALSO ACT DIRECTLY  
TO MODERATE INFLATION.

TWO MONTHS AGO I PROPOSED THAT IN EACH INDUSTRY  
AND SECTOR OF THE ECONOMY WAGE AND PRICE INCREASES THIS  
YEAR BE VOLUNTARILY HELD SIGNIFICANTLY BELOW THE AVERAGE  
INCREASE FOR THE TWO PRECEDING YEARS -- AN IMPORTANT  
PRINCIPLE OF DECELERATION.

I AM DETERMINED TO TAKE THE LEAD IN BREAKING  
THE WAGE AND PRICE SPIRAL BY HOLDING FEDERAL PAY INCREASES  
DOWN.

LAST YEAR, FEDERAL WHITE COLLAR SALARIES ROSE  
BY MORE THAN 7 PERCENT.

I INTEND TO PROPOSE A LIMIT OF ABOUT 5.5 PERCENT  
THIS YEAR, THEREBY SETTING AN EXAMPLE FOR LABOR AND  
INDUSTRY TO MODERATE PRICE AND WAGE INCREASES.

THIS YEAR I WILL ALSO FREEZE THE PAY OF ALL  
EXECUTIVE APPOINTEES AND MEMBERS OF MY SENIOR STAFF.

I BELIEVE THAT THOSE WHO ARE MOST PRIVILEGED IN  
OUR NATION -- INCLUDING OTHER EXECUTIVES IN GOVERNMENT  
AND IN PRIVATE COMPANIES -- SHOULD SET A SIMILAR  
EXAMPLE OF RESTRAINT.

STATE AND LOCAL GOVERNMENTS . . .

STATE AND LOCAL GOVERNMENTS EMPLOY EVERY SEVENTH  
WORKER IN OUR NATION, AND I HAVE SENT LETTERS TO EVERY  
GOVERNOR AND TO THE MAYORS OF OUR LARGER CITIES ASKING  
THAT THEY FOLLOW THE FEDERAL EXAMPLE AND HOLD DOWN  
THEIR PAY INCREASES.

I HAVE ALSO ASKED THAT IF THOSE GOVERNMENTS PLAN  
TO REDUCE TAXES THEY FIRST CONSIDER LOWERING SALES TAXES,  
WHICH ADD DIRECTLY TO THE CONSUMER'S BURDEN.

THE FEDERAL GOVERNMENT WILL TAKE SEVERAL OTHER  
STEPS TO REDUCE INFLATION.

-- ALL EXECUTIVE BRANCH AGENCIES WILL AVOID OR  
REDUCE THE PURCHASE OF GOODS OR SERVICES WHOSE PRICES  
ARE RISING RAPIDLY, UNLESS BY SO DOING WE WOULD SERIOUSLY  
JEOPARDIZE OUR NATIONAL SECURITY OR CREATE SERIOUS  
UNEMPLOYMENT.

I AM ALSO ASKING THAT ALL NEW OR RENEGOTIATED  
FEDERAL CONTRACTS WHICH CONTAIN PRICE ESCALATION CLAUSES  
SHOULD REFLECT THE PRINCIPLE OF DECELERATION.

-- WE MUST CUT THE INFLATIONARY COSTS WHICH PRIVATE  
INDUSTRY BEARS AS A RESULT OF GOVERNMENT REGULATIONS.

LAST MONTH I DIRECTED EXECUTIVE REGULATORY  
AGENCIES UNDER MY CONTROL TO MINIMIZE THE ADVERSE  
ECONOMIC CONSEQUENCES OF THEIR ACTIONS.

I AM DETERMINED TO ELIMINATE UNNECESSARY  
REGULATIONS AND TO ENSURE THAT FUTURE REGULATIONS DO NOT  
IMPOSE UNNECESSARY COSTS ON THE AMERICAN ECONOMY.

OUR EFFORTS TO REORGANIZE THE FEDERAL  
BUREAUCRACY AND TO STREAMLINE THE CIVIL SERVICE WILL HELP  
US PUT THE GOVERNMENT'S HOUSE IN ORDER.

I SUPPORT "SUNSET" LEGISLATION . . .



I SUPPORT "SUNSET" LEGISLATION TO ENSURE THAT  
WE REVIEW THESE REGULATORY PROGRAMS EVERY FEW YEARS,  
AND ELIMINATE OR CHANGE THOSE THAT HAVE BECOME OUTDATED.

I ALSO URGE CONGRESSIONAL BUDGET COMMITTEES  
TO REPORT REGULARLY TO THE CONGRESS ON THE INFLATIONARY  
EFFECT OF PENDING LEGISLATION, MUCH AS THE COUNCIL OF  
ECONOMIC ADVISORS AND THE COUNCIL ON WAGE AND PRICE  
STABILITY NOW REPORT TO ME.

-- THE COMBINED ACTIONS OF MY ADMINISTRATION  
AND THE CIVIL AERONAUTICS BOARD HAVE ALREADY LED TO  
SUBSTANTIAL CUTS IN SOME AIRLINE PASSENGER FARES.

DESPITE THE OPPOSITION OF PRIVATE INTERESTS,  
THE AIRLINE REGULATORY REFORM LEGISLATION MUST BE ENACTED  
THIS YEAR.

WE ARE ALSO RE-EXAMINING EXCESSIVE FEDERAL  
REGULATION OF THE TRUCKING INDUSTRY -- AN EFFORT WHICH  
MAY RESULT IN INCREASED EFFICIENCY WHILE REDUCING  
FREIGHT TRANSPORTATION COSTS AND RETAIL PRICES.

IN ADDITION, I AM ASKING THE INDEPENDENT  
REGULATORY AGENCIES TO TRY TO REDUCE INFLATION WHEN  
THEY REVIEW RATE CHANGES, AND TO EXPLORE REGULATORY  
CHANGES THAT CAN MAKE THE REGULATED INDUSTRIES MORE  
EFFICIENT.

-- LAST FALL, MAJOR NEW LEGISLATION WAS PASSED  
WHICH WILL IMPROVE ECONOMIC CONDITIONS FOR FARM FAMILIES,  
AND WE HAVE ANNOUNCED ADDITIONAL ADMINISTRATIVE ACTION  
TO RAISE FARM INCOME THIS YEAR.

UNFORTUNATELY, THE SENATE HAS JUST . . .

UNFORTUNATELY, THE SENATE HAS JUST PASSED  
A BILL THAT WOULD RAISE FOOD PRICES BY 3 PERCENT AND  
THE OVERALL COST-OF-LIVING BY 0.4 PERCENT,....SHATTER  
CONFIDENCE IN THE CRUCIAL EXPORT MARKETS FOR AMERICA'S  
FARM PRODUCTS,....AND CRIPPLE AMERICAN FARM FAMILIES  
THROUGH INCREASED COSTS.

IT IS BAD FOR FARMERS,...BAD FOR CONSUMERS,...  
AND BAD FOR OUR NATION.

I WILL VETO ANY FARM LEGISLATION, BEYOND  
WHAT I HAVE ALREADY RECOMMENDED, THAT WOULD LEAD TO  
HIGHER FOOD PRICES OR BUDGET EXPENDITURES.

-- HOUSING CONSTRUCTION RATES HAVE BEEN AT A  
HIGH LEVEL AND COSTS HAVE RISEN RAPIDLY, PARTLY BECAUSE  
OF SHARP INCREASES IN THE PRICE OF RAW MATERIALS SUCH  
AS LUMBER.

SINCE LUMBER ACCOUNTS FOR ONE-FOURTH OF THE  
TOTAL COST OF A NEW HOUSE, WE CAN OBTAIN SOME RELIEF  
BY INCREASING PRODUCTION AND USING OUR EXISTING LUMBER  
OUTPUT MORE EFFICIENTLY.

THEREFORE, I HAVE INSTRUCTED THE DEPARTMENTS  
OF AGRICULTURE AND INTERIOR, THE COUNCIL ON ENVIRONMENTAL  
QUALITY, AND MY ECONOMIC ADVISORS, TO REPORT TO ME WITHIN  
30 DAYS ON THE BEST WAYS TO SUSTAIN EXPANDED TIMBER  
HARVESTS FROM FEDERAL, STATE AND PRIVATE LANDS, . . . AND  
OTHER MEANS OF INCREASING LUMBER YIELDS IN WAYS THAT  
WOULD BE ENVIRONMENTALLY ACCEPTABLE, ECONOMICALLY  
EFFICIENT, AND CONSISTENT WITH SOUND BUDGET POLICY.

-- DAILY HOSPITAL COSTS HAVE JUMPED FROM \$15  
IN 1950 TO OVER \$200 TODAY, AND PHYSICIANS' FEES HAVE  
RISEN 75 PERCENT FASTER THAN OTHER CONSUMER PRICES.

IT IS VERY IMPORTANT THAT . . .

IT IS VERY IMPORTANT THAT CONGRESS ACT NOW  
ON THE PROPOSED HOSPITAL COST CONTAINMENT BILL AS THE  
MOST EFFECTIVE STEP WE CAN TAKE TOWARD REASONABLE  
HOSPITAL PRICES.

FAILURE OF CONGRESS TO ACT ON THE HOSPITAL  
COST CONTAINMENT LEGISLATION WILL COST THE TAXPAYER  
MORE THAN \$18 BILLION IN NEEDLESS GOVERNMENT SPENDING  
OVER THE NEXT FIVE YEARS.

TOGETHER WITH THE AIRLINE DEREGULATION BILL,  
THIS IS ONE OF THE TWO MOST IMPORTANT MEASURES THE  
CONGRESS CAN PASS TO PREVENT INFLATION.

THESE MEASURES HAVE SO FAR BEEN DELAYED BY  
THE OPPOSITION OF POWERFUL LOBBYING GROUPS.

I WILL CONTINUE TO GIVE THIS LEGISLATION MY  
FULL SUPPORT, AND I CALL ON THE LEADERS OF CONGRESS TO  
DO THE SAME.

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SUCH GOVERNMENT ACTIONS AS I HAVE DISCUSSED  
TODAY CAN BE IMPORTANT STEPS TOWARD CONTROLLING INFLATION.

BUT IT IS A MYTH THAT THE GOVERNMENT ITSELF  
CAN STOP INFLATION.

SUCCESS OR FAILURE IN THIS OVERALL EFFORT WILL  
LARGELY BE DETERMINED BY THE ACTIONS OF THE PRIVATE  
SECTOR OF THE ECONOMY.

I EXPECT INDUSTRY AND LABOR TO KEEP PRICE,  
WAGE AND SALARY INCREASES SIGNIFICANTLY BELOW THE  
AVERAGE RATE FOR THE LAST TWO YEARS.

THOSE WHO SET MEDICAL, LEGAL, AND OTHER  
PROFESSIONAL FEES, COLLEGE TUITION RATES, INSURANCE  
PREMIUMS, AND OTHER SERVICE CHARGES MUST ALSO JOIN IN.

THIS WILL NOT BE EASY.

BUT THE EXAMPLE OF FEDERAL ACTION . . .

BUT THE EXAMPLE OF FEDERAL ACTION MUST BE  
MATCHED.

INFLATION CANNOT BE SOLVED BY PLACING THE BURDEN  
OF FIGHTING IT ONLY ON A FEW.

THE COUNCIL ON WAGE AND PRICE STABILITY  
RECENTLY BEGAN A SERIES OF MEETINGS WITH REPRESENTATIVES  
OF BUSINESS AND OF LABOR IN MAJOR INDUSTRIES SUCH AS  
STEEL, AUTOMOBILES, ALUMINUM, PAPER, RAILROADS, FOOD  
PROCESSING, COMMUNICATIONS, LUMBER, AND THE POSTAL  
SERVICE.

IN CONSULTATION WITH THE PRIVATE PARTIES THE  
COUNCIL WILL IDENTIFY THE RATE AT WHICH PRICES, WAGES,  
AND OTHER COSTS HAVE BEEN RISEING IN RECENT YEARS,...  
THE OUTLOOK FOR THE YEAR AHEAD,...AND THE STEPS THAT  
CAN BE TAKEN TO REDUCE INFLATION.

LET ME BE BLUNT ABOUT THIS POINT.

I AM ASKING AMERICAN WORKERS TO FOLLOW THE  
EXAMPLE OF FEDERAL WORKERS AND ACCEPT A LOWER RATE  
OF WAGE INCREASE.

IN RETURN, THEY HAVE A RIGHT TO EXPECT A  
COMPARABLE RESTRAINT IN PRICE INCREASES FOR THE GOODS  
AND SERVICES THEY BUY.

OUR NATIONAL INTEREST SIMPLY CANNOT WITHSTAND  
UNREASONABLE INCREASES IN PRICES AND WAGES.

IT IS MY RESPONSIBILITY TO SPEAK OUT FIRMLY  
AND CLEARLY WHEN THE WELFARE OF OUR PEOPLE IS AT STAKE.

MEMBERS OF MY ADMINISTRATION HAVE ALREADY  
DISCUSSED THIS DECELERATION PROGRAM WITH A NUMBER OF  
LEADERS OF LABOR, BUSINESS AND INDUSTRY.

MANY HAVE PROMISED THEIR . . . .



MANY HAVE PROMISED THEIR COOPERATION.

LATER I EXPECT TO MEET WITH BUSINESS AND  
LABOR LEADERS TO DISCUSS CONTRIBUTIONS THAT THEY  
CAN MAKE TO HELP SLOW THE RATE OF INFLATION.

ONE OF THE MOST IMPORTANT CONTRIBUTIONS THEY  
CAN MAKE IS TO SHOW THAT RESTRAINT APPLIES TO EVERYONE --  
NOT JUST THE MEN AND WOMEN ON THE ASSEMBLYLINE, BUT  
ALSO THE MANAGERS IN THE EXECUTIVE SUITES.

JUST AS I WILL FREEZE THE PAY OF THE TOP  
EXECUTIVES IN THE FEDERAL GOVERNMENT, THE AMERICAN  
PEOPLE WILL EXPECT SIMILAR RESTRAINT FROM THE LEADERS  
OF AMERICAN BUSINESS AND LABOR.

I AM DETERMINED TO DEVOTE THE POWER OF MY  
OFFICE TOWARD THE OBJECTIVE OF REDUCED INFLATION.

OUR APPROACH MUST BE FLEXIBLE ENOUGH TO  
ACCOUNT FOR THE VARIATIONS IN OUR COMPLEX ECONOMY --  
BUT IT MUST BE COMPREHENSIVE ENOUGH TO COVER MOST  
OF THE ACTIVITIES OF OUR ECONOMY.

IN THE LONG RUN, WE SHOULD DEVELOP SPECIAL  
PROGRAMS TO DEAL WITH SECTORS OF THE ECONOMY WHERE  
GOVERNMENT ACTIONS HAVE THE GREATEST POTENTIAL FOR  
REDUCING INFLATION.

THESE INCLUDE HOUSING, MEDICAL CARE, FOOD,  
TRANSPORTATION, ENERGY, AND THE PRIMARY METALS INDUSTRIES.

THE MEMBERS OF MY CABINET WILL WORK INDIVIDUALLY  
AND WITH THE COUNCIL ON WAGE AND PRICE STABILITY TO  
DEVELOP AND TO ANNOUNCE EARLY ACTION TO REDUCE INFLATION  
WITHIN THEIR OWN AREAS OF RESPONSIBILITY.

TO ACCOMPLISH OUR DECELERATION . . .

TO ACCOMPLISH OUR DECELERATION GOALS IN THE  
PRIVATE SECTOR, I AM ASKING MY SPECIAL TRADE  
REPRESENTATIVE, ROBERT STRAUSS, TO TAKE ON ADDITIONAL  
DUTIES AS A SPECIAL COUNSELOR ON INFLATION.

HE WILL WORK WITH ME,...WITH TREASURY SECRETARY  
BLUMENTHAL, MY CHIEF FINANCIAL SPOKESMAN,....WITH CHARLIE  
SCHULTZE, THE CHAIRMAN OF THE COUNCIL ON WAGE AND  
PRICE STABILITY,....AND ITS EXECUTIVE DIRECTOR, BARRY  
BOSWORTH.

HE WILL HAVE SPECIFIC AUTHORITY TO SPEAK FOR ME  
IN THE PUBLIC INTEREST, AND WILL BE A MEMBER OF THE  
STEERING COMMITTEE OF THE ECONOMIC POLICY GROUP UNDER  
THE CHAIRMANSHIP OF SECRETARY BLUMENTHAL.

REDUCING THE INFLATION RATE WILL NOT BE EASY  
AND IT WILL NOT COME OVERNIGHT.

~~REDUCING THE INFLATION RATE WILL NOT BE EASY~~  
~~AND IT WILL NOT COME OVERNIGHT.~~

WE MUST ADMIT TO OURSELVES THAT WE WILL NEVER  
COPE SUCCESSFULLY WITH THIS CHALLENGE UNTIL WE FACE SOME  
UNPLEASANT FACTS ABOUT OUR PROBLEMS, ABOUT THE SOLUTIONS,  
AND ABOUT OURSELVES.

THE PROBLEMS OF THIS GENERATION ARE, IN A WAY,  
MORE DIFFICULT THAN THOSE OF A GENERATION BEFORE.

WE FACE NO SHARPLY FOCUSED CRISIS OR THREAT  
WHICH MIGHT MAKE US FORGET OUR DIFFERENCES AND RALLY  
TO THE DEFENSE OF THE COMMON GOOD.

WE ALL WANT SOMETHING TO BE DONE ABOUT OUR  
PROBLEMS -- EXCEPT WHEN THE SOLUTIONS AFFECT US.

WE WANT TO CONSERVE ENERGY,....

WE WANT TO CONSERVE ENERGY, BUT NOT TO CHANGE  
OUR WASTEFUL HABITS.

WE FAVOR SACRIFICE, AS LONG AS OTHERS GO FIRST.

WE WANT TO ABOLISH TAX LOOPHOLES -- UNLESS IT'S  
OUR LOOPHOLE.

WE DENOUNCE SPECIAL INTERESTS, EXCEPT FOR OUR  
OWN.

NO ACT OF CONGRESS, NO PROGRAM OF OUR GOVERNMENT,  
NO ORDER OF MY OWN CAN BRING OUT THE QUALITY THAT WE  
NEED: TO CHANGE FROM THE PREOCCUPATION WITH SELF THAT  
CAN CRIPPLE OUR NATIONAL WILL, TO A WILLINGNESS TO  
ACKNOWLEDGE AND TO SACRIFICE FOR THE COMMON GOOD.

AS THE NATION PREPARED FOR THE CHALLENGE OF  
WAR, WALTER LIPPMANN ADDRESSED THESE WORDS TO OUR  
NATION FORTY YEARS AGO:

"YOU TOOK THE GOOD THINGS FOR GRANTED," HE SAID.  
"NOW YOU MUST EARN THEM AGAIN. IT IS WRITTEN: FOR  
EVERY RIGHT THAT YOU CHERISH, YOU HAVE A DUTY WHICH  
YOU MUST FULFILL. FOR EVERY HOPE THAT YOU ENTERTAIN,  
YOU HAVE A TASK YOU MUST PERFORM. FOR EVERY GOOD  
THAT YOU WISH COULD HAPPEN . . . YOU WILL HAVE TO  
SACRIFICE YOUR COMFORT AND EASE. THERE IS NOTHING  
FOR NOTHING ANY LONGER."

THESE WORDS OF ADMONITION APPLY TO US NOW.

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